



SEN. GEORGE RUNNER (RET.)

VICE CHAIR
STATE BOARD OF EQUALIZATION
CALIFORNIA'S TAX BOARD

May 19, 2015

Senator Ricardo Lara, Chair
Senate Appropriations Committee
State Capitol, Room 2206
Sacramento, CA 95814

RE: SB 250 (GAINES) – SRA: FIRE PREVENTION FEE ▪ REQUEST REMOVAL FROM SUSPENSE FILE ▪

Dear Senator Lara,

I am pleased to sponsor Board of Equalization-supported Senate Bill 250, which increases the amount of time allowed for payment of the Fire Prevention Fee from 30 days to 60 days from the date of assessment, and request removal from the Suspense File during your May 28 hearing.

Created by the Legislature and Governor as part of the 2011 Budget, the Fire Prevention Fee charges property owners \$152.33 for each habitable structure located in a State Responsibility Area (SRA), with a \$35 reduction in the fee if the structure is located within the boundaries of a local fire protection district.

More than 700,000 Californians receive an annual bill, with just over half of them located in the rural areas of my district. Over the years, many constituents have complained that many factors distinctive to rural living prevent them from receiving their bill in a timely manner to meet the 30-day deadline. For example, rural taxpayers may receive their mail through a post office box that is not located at their homes. The 30-day deadline attaches to the date on their bill. If these taxpayers check mail only once per week at a location several miles from home, they have 23 days to understand the bill and make payment by the deadline; that timeframe is insufficient to protect their rights and encourage compliance.

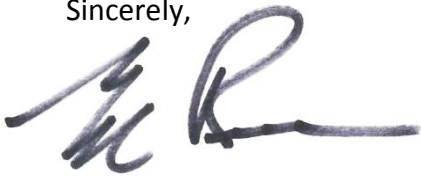
The goal of SB 250 is to increase compliance. The BOE enjoys a high compliance rate with respect to traditional tax and fee payers, most of whom are businesses. However, Fire Prevention Fee payers are not familiar with the BOE. While most BOE-administered tax and fee programs require payment 30 days from the date on the bill, this is a unique fee that touches

homeowners unfamiliar with the BOE or its policies. Indeed, this fee is more similar to property tax bills, which are sent to both individuals and businesses, and which allow more than 30 days to pay.

While the revenue impact is estimated at an average annual revenue loss of \$382,700, that number must be qualified. According to the BOE's analysis, data suggests that the penalties and interest paid for the first three billing periods has been fairly consistent. However, there may be circumstances particular to the fire prevention fee program that have led to these amounts. For instance, fee payers live in rural areas, are often not familiar with BOE billing statements, may live on a fixed income, and may otherwise require additional time for payment or obtaining assistance. Additionally, BOE fire prevention fee bills in the first three billing cycles have been fairly compact, meaning some bills arrived just months after the preceding billing cycle ended. Overall, the fee program is new and unique, the sample size is small, and due to the reasons previously stated, program data may not be a good indicator of future revenue impacts that may result from increasing the payment due date from 30 to 60 days.

All in all, I strongly believe that increasing the payment due date will ensure greater compliance with the law by giving all owners of habitable structures in an SRA more time to receive and pay their bills. It will also give taxpayers more time to appeal their bills. For these reasons, I am pleased to sponsor SB 250 and ask for passage of the bill when it is heard before your committee.

Sincerely,

A handwritten signature in dark ink, appearing to read 'G. Runner', with a stylized flourish at the end.

GEORGE RUNNER
1st District

cc: Senator Gaines
Joe Shinstock, Senate Republican Caucus Fiscal Consultant